



Professional Insurance Agents

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Good morning Chairpersons and members of the Joint Budget Committee,

My name is Bradford Lachut, and I serve as director of government & industry affairs for the Professional Insurance Agents of New York State Inc.—PIANY. We represent independent insurance agents serving consumers and small businesses in every region of the state. PIANY members work directly with policyholders each day and see firsthand the factors driving insurance affordability and availability.

Today, I will briefly address two areas of the Governor's Executive Budget: the auto and homeowners insurance provisions we support, as well as our opposition to Part CC, which would establish a homeowners' insurance benchmark loss ratio.

Let me begin with the provisions we support.

PIANY supports several insurance reforms in the Executive Budget because they promote transparency, accountability, and long-term affordability.

We support Part BB, which modernizes premium transparency for personal auto and homeowners insurance. Part BB does not cap rates or interfere with actuarially sound underwriting. Instead, it requires clearer communication when premiums increase more than 10%, ensuring consumers receive—or can request—a written explanation of the primary rating factors driving the change. Greater transparency strengthens consumer education, builds trust, and supports affordability by helping policyholders better understand their options. This proposal reinforces the producer's role and promotes a more informed insurance-buying public.

We support Part DD of the Governor's Executive Budget, which requires that insurers provide at least one actuarially appropriate discount for risk-mitigation measures such as fire prevention, theft deterrence, water damage technology, wind-resistant roofing, and hurricane-resistant features, as well as Part II, which provides for actuarially appropriate discounts for dashboard cameras in vehicles. These improvements are intended to decrease both the frequency and severity of losses, benefiting not only individual policyholders but also the broader insurance market by reducing claims and stabilizing premiums. Encouraging investment in proven mitigation strategies is a sound public policy, especially as property owners face rising catastrophe risks and construction costs.

PIANY emphasizes the necessity for actuarial integrity: discounts must be directly tied to measurable reductions in risk to avoid distorting pricing and misleading consumers. The bill's transparency provisions, including clear disclosure of discount details and annual reporting, promote consumer awareness and regulatory oversight. By upholding these standards, Parts

DD and II strike a balance between encouraging genuine risk mitigation and maintaining healthy, stable underwriting practices within New York's property insurance market.

We strongly support Part EE's targeted no-fault and tort reforms. Auto insurance affordability is a growing concern across New York, and excessive litigation—particularly around noneconomic damages—is a significant cost driver. Part EE refines the serious injury threshold, clarifies litigation procedures, limits noneconomic damages in narrowly defined high-risk circumstances, and aligns comparative fault standards with basic fairness.

Importantly, it preserves full recovery for legitimate economic losses such as medical expenses and lost wages. These are measured reforms that reduce unnecessary litigation costs while maintaining core consumer protections. Over time, addressing these structural cost drivers will help moderate premium growth for responsible drivers.

We also support Part FF's fraud and claims-handling reforms. Extending the fraud-reporting deadline from 30 to 60 days is a practical adjustment that allows for more accurate investigations and stronger enforcement. Clarifying that a technical timing issue does not permanently bar legitimate claim defenses restores balance to the no-fault system while preserving penalties and attorney fee protections for overdue payments.

Finally, we support Part KK, which extends the existing excess profits framework for motor vehicle insurance. This long-standing law provides predictability while ensuring consumers benefit if profits exceed reasonable levels.

Collectively, these proposals recognize that affordability comes from addressing underlying cost drivers—not simply reacting to premium levels.

Unfortunately, Part CC takes a very different approach in the homeowners insurance market.

Part CC would require insurers writing at least \$10 million in homeowners insurance premium to refile their rates if their loss ratios over the previous two years fall below a benchmark set by DFS.

PIANY opposes this proposal.

We are not aware of any other state that mandates a homeowners insurance benchmark loss ratio tied to compulsory rate refiling. Homeowners insurance is highly catastrophe-sensitive and volatile. Loss experience fluctuates based on severe weather, inflation in construction costs, reinsurance pricing, and long-term risk modeling. A two-year snapshot does not capture that reality.

Creating a rigid statutory trigger based solely on historical loss ratios risks distorting the marketplace. It could discourage participation, reduce underwriting appetite, increase nonrenewals, and push more homeowners into the excess-and-surplus-lines market—often at higher cost and with fewer options.

Fewer carriers mean less competition and less stability for New York homeowners.

If the Legislature's goal is to monitor insurer profitability, there is a better path. PIANY recommends reauthorizing Insurance Law Section 2323, which previously required DFS to monitor and report on homeowners insurer profitability. That approach provides transparency and oversight without imposing rigid triggers that could destabilize the market.

In closing, PIANY supports the Executive Budget provisions that enhance consumer understanding, reduce fraud and excessive litigation, and promote meaningful cost containment.

However, we respectfully urge the Legislature to reject Part CC. New York's homeowners insurance market requires thoughtful, data-driven policy—not unprecedented mandates that risk reducing competition and consumer choice.

We stand ready to work with you and the Department of Financial Services to ensure a stable, competitive, and affordable insurance marketplace for all New Yorkers.

Thank you for the opportunity to testify. I am happy to answer any questions.